

Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-01 INR-07

NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-03 SIL-01 OMB-01 DODE-00 PM-03 H-02 L-02 NSC-05

PA-02 PRS-01 SS-15 USIA-15 SAB-01 /097 W

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R 261316Z NOV 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 474

INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

AMEMBASSY TEL AVIV

USDOC

AMEMBASSY MUSCAT

AMEMBASSY MANAMA

UNCLAS CAIRO 9591

KUWAIT PASS DOHA

E.9. 11652: NA

TAGS: EAID, EG, SA, TC

SUBJECT: PRESS HERALDS PRIME MIN HEGAZI'S TOUR OF
SAUDI ARABIA AND THE GULF

1. FOLLOWING UP ON EARLIER PRESS REPORTS THAT HE HAD OBTAINED \$600
MILLION IN ECONOMIC ASSISTANCE FOR EGYPT FROM SAUDI ARABIA AND
\$258 MILLION FROM UNITED ARAB EMIRATES (UAE), PRIME MIN HEGAZI
HAS NOW RETURNED WITH CAIRO PRESS HERALDING THAT HE HAD BEEN
PLEDGED TOTAL OF \$1,195 MILLION TOTAL DURING HIS TOUR THROUGH SAUDI
ARABIA AND THE GULF. THE FUNDS WHICH ARE TO BE SUPPLIED BY SAUDI
ARABIA, UAE, BAHREIN AND QATAR ARE TO BE IN FORM OF "PRO-
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VISION OF CAPITAL AND PARTLY INVESTMENT AND FINANCE FACILITIES".

2. HEGAZI INDICATED THAT SOME PROJECTS TO BE UNDERTAKEN WITH ASSISTANCE RECEIVED ARE ENVISAGED UNDER TRANSITION PLAN AND WOULD START IN 1975. REST WOULD BE INCORPORATED INTO FIVE-YEAR DEVELOPMENT PLAN (1976-1980). HEGAZI SAID THAT QATAR HAD DEFINED PROJECTS AND PARTICULAR FIELDS OF ACTIVITIES TO WHICH IT WOULD CONTRIBUTE. SAUDI ARABIA AND UAE, HOWEVER, HAD SIMPLY AGREED ON OVERALL FIGURES. HEGAZI IS REPORTED AS SAYING THAT ALL RELEVANT AGREEMENTS WITH COUNTRIES INVOLVED WOULD BE SIGNED BY END OF CURRENT YEAR. PROJECTS RELATED TO HOUSING MIGHT START AS EARLY AS NEXT JANUARY.

3. EGYPTIAN CABINET IS EXPECTED TO DISCUSS AT ITS NEXT MEETING RESULTS OF HEGAZI'S TRIP. FOCUSING ON INVESTMENT PROJECTS IN FIELD OF HOUSING WHICH HAD BEEN AGREED UPON. HEGAZI IS EXPECTED TO VISIT KUWAIT AT END OF WEEK TO DISCUSS PROJECTS FOR BILATERAL COOPERATION WITH THAT COUNTRY.

4. THERE WERE FURTHER REPORTS IN THE PRESS IN PAST FEW DAYS CONCERNING ASSISTANCE WITH UAE, PROVIDING A BREAKDOWN OF \$258 MILLION WHICH HAS ALLEGEDLY BEEN PLEDGED:

(A) \$25 MILLION AS UAE EQUITY SHARE IN A JOINT INVESTMENT COMPANY WHICH WILL FINANCE INDUSTRIAL, AGRICULTURAL AND SERVICE PROJECTS. EGYPT WILL MAKE AN EQUITY CONTRIBUTION TO THIS JOINT INVESTMENT COMPANY OF \$25 MILLION PAYABLE IN EGYPTIAN POUNDS.

(B) A LOAN OF \$200 MILLION ON CONCESSIONARY TERMS TO "SUBSIDIZE" DEVELOPMENT PROJECTS ON JOINT UAE/EGYPTIAN COMPANY DESCRIBED IN PARA (A). IT IS NOT CLEAR FROM PRESS ACCOUNTS WHETHER THIS \$200 MILLION WILL BE A PORTION OF DEBT CAPITALIZATION OF COMPANY OR WILL BE A LOAN TO GOE.

(C) A LONG-TERM LOAN OF \$33 MILLION FOR REOPENING OF SUEZ CANAL AND ESTABLISHMENT OF JOINT MARINE PROJECTS.

5. COMMENT: WE HAVE HAD INDICATIONS THAT SOME OF THE ABOVE COMMITMENTS MAY NOT BE AS FIRM AS THE EGYPTIAN PRESS SUGGESTS. FURTHER ANALYSIS IS NECESSARY BEFORE ANY DEFINITIVE JUDGEMENT CAN BE MADE THAT EGYPT HAS FINALLY UNCLASSIFIED

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Disposition Event:
Disposition History: n/a
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